

IRS News Release

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IRS Issues Redesigned Allowable Living Expense Standards

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WASHINGTON — The Internal Revenue Service today issued the [2007 allowable living expense standards](#).

Allowable living expense standards, also known as collection financial standards, are used to determine the ability of a taxpayer to pay a delinquent tax liability. For purposes of federal tax administration the standards are effective Oct. 1, 2007.

This year the standards have been [redesigned](#) to incorporate:

- a new category for out of pocket health care expenses
- the elimination of income ranges for national standards for food, clothing and other items
- a nationwide set of tables for national standard expenses, eliminating separate tables for Alaska and Hawaii
- an expanded number of household categories for housing and utilities
- an allowance for cell phone costs in housing and utilities
- equal allowances for first and second vehicles under transportation expenses
- fewer Metropolitan Statistical Areas for vehicle operating costs
- a separate nationwide public transportation allowance

The Allowable Living Expense standards rely on data from the Bureau of Labor Statistics, the Medical Expense Panel Survey and other governmental surveys of actual consumer expenditures and provide a basis for allowances. The IRS adjusts survey data for inflation according to the Consumer Price Index.

Expense information for use in bankruptcy calculations can be found on the Department of Justice [U.S Trustee Program Web site](#). For bankruptcy purposes, the effective date for the new standards will be Jan. 1, 2008.